

*Financial Institutions Chairman Brings Republican Myth to Light*

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**(Washington DC)** During a Financial Institutions Subcommittee [hearing](#) yesterday regarding mortgage lending reform, the Federal Reserve, once again, unequivocally stated that the Community Reinvestment Act (CRA) played no part in the nation's mortgage foreclosure crisis.

"I can state very definitively that, from the research we have done, that the Community Reinvestment Act is not one of the causes of the current crisis," said Sandra Braunstein, Director of the Division of Consumer and Community Affairs of the Federal Reserve System.

"Republicans have long tried to take the easy way out by pointing the finger at the Community Reinvestment Act and other government-sponsored affordable lending programs; but these programs did not cause our foreclosure crisis," said Congressman Luis V. Gutierrez, Chairman of the Financial Institutions Subcommittee. "The fact that only six percent of high-cost loans in our communities came from CRA institutions proves the true worth and value of the CRA to our neighborhoods."

Responding to Chairman Gutierrez's questions, Braunstein continued, "We have run data on CRA lending and where loans are located, and we found that only six percent of all higher cost loans were made by CRA covered institutions in neighborhoods targeted, which would be low to moderate income neighborhoods targeted by CRA. So I can tell you if that's where you're going that CRA was not the cause of this loan crisis."

Mr. Michael Middleton, the President and CEO of Community Bank of Tri-County, Maryland, also testified on behalf of the American Bankers Association, citing the positive impact of the Community Reinvestment Act.

“We really find the CRA as a tool, not an obstacle, and I mention also that all of our affordable housing loans are current, none of them are in default,” said Middleton in response to a question by Rep. Eric Paulsen, (R-MN).

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